

Montrose Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 1,591,246	\$ 282,717	\$ 1,873,963
2	Materials and Supplies Inventory	Page 2, 13-Month Average	73,848		73,848
3	Customer Deposits	Form 23A, P 8, 4040	3,880	-	3,880
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	266,596	-	266,596
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			1,677,335
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	1,444,446	-	1,444,446
8	Less: Depreciation Expense	Form 23A, P 13, 6560	372,249	-	372,249
9	Total WC Operating Expense	line 7 - line 8	1,072,197	-	1,072,197
10	WC OE Requirement	line 9 * 45 / 360			134,025
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			134,025
13	Total Rate Base	line 5 + line 12			1,811,360
14	Total Operating Revenues	Form 23A, P 11, Total	1,826,663	(31,563)	1,795,100
15	Less: Illinois High Cost Fund		315,964	-	315,964
16	Net Operating Revenues	line 14 - line 15	1,510,699	(31,563)	1,479,136
17	Total Operating Expenses	Form 23A, P 14, Total	1,444,446	-	1,444,446
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	6,430	-	6,430
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	59,823	(31,563)	28,260
21	Income Tax Expense	line 34			10,948
22	Net Operating Income	line 20 - line 21			17,312
23	Return on Rate Base	line 22 / line 13			0.96%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			203,053
26	Adj to Achieve Target Return on RB	line 25 - line 22			185,741
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			303,204
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			28,260
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			2,029
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			26,231
33	Federal Income Tax Expense	line 32 * 34.00%			8,919
34	Total Imputed Income Tax Expense	line 31 + line 33			10,948
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324

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Material & Supplies Worksheet and Other Information

Line #		
1	December-99	\$60,497
2	January-00	\$79,627
3	February-00	\$85,970
4	March-00	\$84,414
5	April-00	\$72,128
6	May-00	\$73,917
7	June-00	\$72,638
8	July-00	\$71,438
9	August-00	\$70,820
10	September-00	\$74,463
11	October-00	\$68,888
12	November-00	\$72,355
13	December-00	\$72,866
14	13 Month Average	\$73,848

Sale/Lease Back Arrangement

☒

The company does not have any sale(s)/lease back arrangement.

☐

The company does have sale(s)/lease back arrangement and has provided additional information to staff.

Lease Agreement with Affiliates

☒

The company does not have any lease agreements with affiliates.

☐

The company does have lease agreements with affiliates and has provided additional information to staff.

Trial Balances

The Company has provided a copy of its 12/31/2000 trial balance in support of the attached exhibits.

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Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
		Form 23A, P 10, Total Local	
1	Local Revenues	Network Service Revenues	\$ 151,828
2	State Subscriber Line Charges	Trial Balance 12/31/00	\$ 224,611
3	State Access Revenues	Trial Balance 12/31/00	\$ 431,795
4	State High Cost Support	Exhibit 1.01, Page 1, Line 15	\$ 315,964
5	State Special Access Revenues	Trial Balance 12/31/00	\$ 64,499
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 1,188,697
7	Federal Subscriber Lines Charges	Trial Balance 12/31/00	\$ 75,031
8	Federal Access Revenues	Trial Balance 12/31/00	\$ 301,981
9	Federal High Cost Support	Trial Balance 12/31/00	\$ 138,406
10	Federal Special Access Revenues	Trial Balance 12/31/00	\$ 13,569
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 528,987
12	Misc Revenues	Trial Balance 12/31/00	\$ 108,980
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u>\$ 1,826,664</u>

Montrose Telephone Company
Summary of Adjustments

Adjustment 1		Dr.	Cr.
2001 Projected HCL Revenue	-		
2000 HCL Revenue	<u>12,990</u>		
Decrease in HCL Revenue	\$ (12,990)		

Universal Service Adjustments 12,990

Adjustment to record increase in Federal High Cost Loop Fund.

Adjustment 2

To adjust out the 1998 LSS True-up that appeared in the 2000 Financial Statements.

Prior Period 1998 LSS True-Up 18,573

Respond Communications
Summary of General Assets

	Company Ind.	12/31/1999 Balance	12/31/2000 Balance	Amount Allocated to Telephone Operations	12/31/2000 Accumulated Depreciation	Allocated to Telephone Operations
Land	(a)	21,665	21,665	20,365	-	-
Vehicles	(b)	102,771	118,801	111,673	(93,601)	(87,985)
Other Work Equipment	(b)	112,518	112,518	105,767	(74,218)	(69,765)
Buildings	(a)	268,096	314,184	295,333	(125,868)	(118,316)
Furniture	(b)	12,424	13,802	12,974	(9,849)	(9,258)
Office Support Equipment	(b)	21,272	21,272	19,996	(20,490)	(19,261)
Company Communications Equip	(b)	9,473	9,473	8,905	(4,737)	(4,453)
General Purpose Computers	(b)	46,207	58,988	55,449	(41,178)	(38,707)
		<u>594,426</u>	<u>670,703</u>	<u>630,462</u>	<u>(369,941)</u>	<u>(347,745)</u>

Amount of General Support Assets carried forward to worksheet \$ 282,717

(1) (a) is if asset on Respond Communications or (b) if on Respond Services